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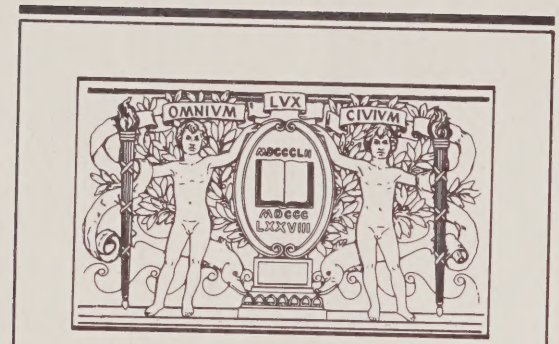

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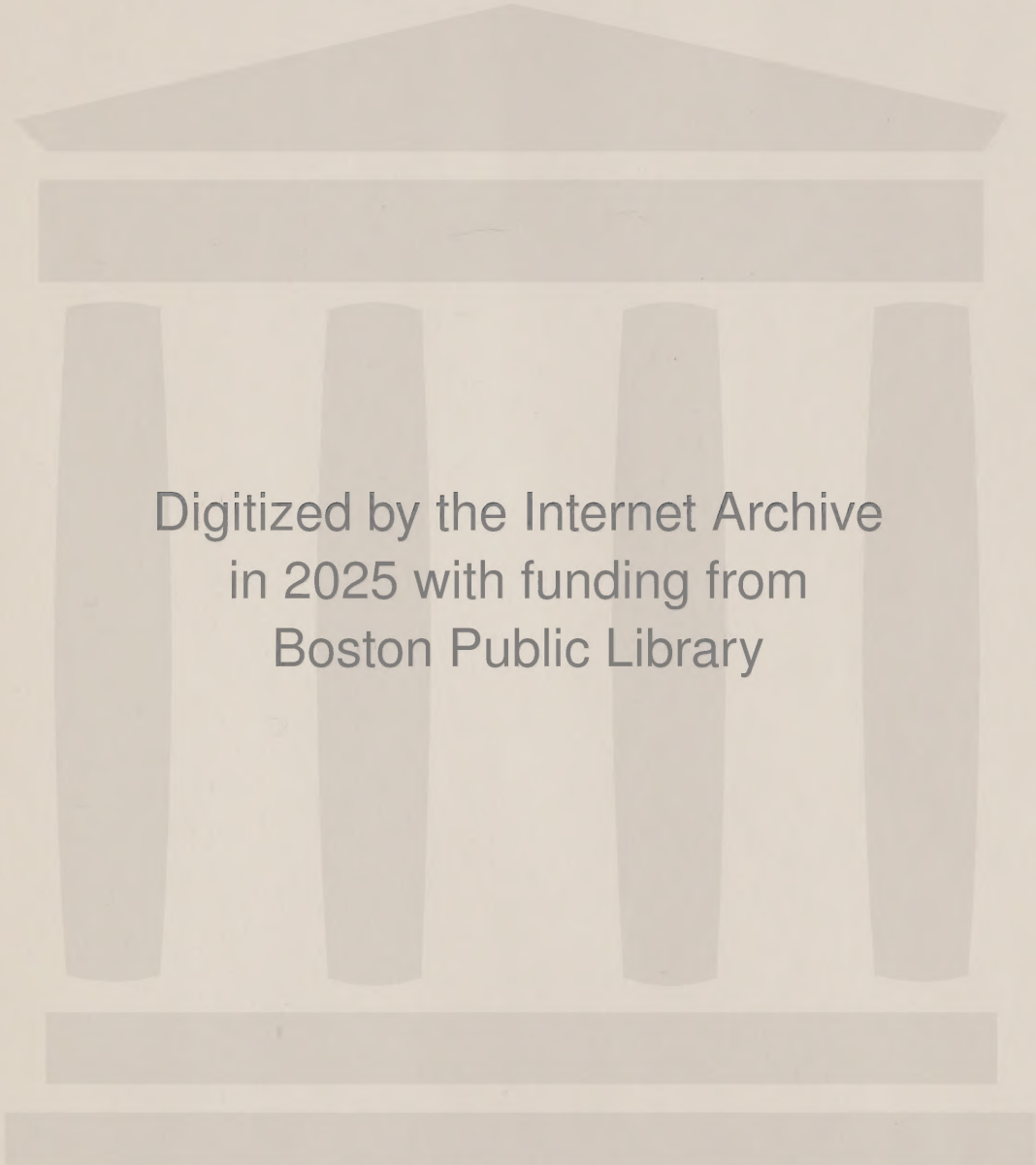
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Summary of 1987 U.S. Bureau of Labor Statistics Projections for the U.S. Economy to the Year 2000

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October 1987

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Summary of
1987 U.S. Bureau of Labor Statistics Projections for the U.S. Economy to the Year 2000

Purpose

The U.S. Department of Labor, Bureau of Labor Statistics (BLS) produces a set of projections every other year for the U.S. economy. A preliminary version of these projections were released recently (June 25, 1987) by the BLS.[1] The summary that follows presents these projections as a supplement to the BLS News which is enclosed. The summary table and charts are also provided as an aid to facilitate understanding of the projections.[2]

Overview

U.S. population is projected to grow slower during 1986-2000 than at anytime since the 1930's; the average age of the workforce will be higher; women and minorities will make up a larger proportion of the workforce; the growth of labor productivity is projected to be almost twice that of the years 1972-1986; the structural shift in employment from goods-producing to service-producing industries is projected to continue.

Table 1 presents selected projected variables, and Figures 1 through 11 display aspects of the projected changes.

Economic Projections

- All of the projected gain in employment is expected to be in service-producing industries (Figure 1). The rate of employment growth is projected at 1.7% for these industries which include transportation and communication, wholesale and retail trade, finance, services, and government. See Figure 2a.

- Employment gain in services, including hotels, personal services, business services, health services, and educational services, is expected to be the fastest growing at 2.7% per year. See Figure 2. At the 3-digit SIC level the highest employment gain will be in the offices of health practitioners, 1,389,000, which translates into a 4.4% annual growth rate.

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[1]U.S. Department of Labor. Bureau of Labor Statistics. 1987, June 25."BLS Previews the Economy of the Year 2000," News.

[2]All charts and one table in this summary were prepared by BRA based on data adapted from the BLS 2000 projections, unless otherwise noted.

- Employment in goods producing industries is expected to stay at the same level overall. However, significant countervailing changes among these industries are foreseen. Agriculture, some mining industries, and a large number of manufacturing industries are expected to lose employment. On the other hand, construction, electronic computing equipment, and printing and publishing are expected to be among the employment gaining sectors.

- The average growth in labor productivity--GNP per employee--is projected at an annual rate of 1.2% over the period 1986-2000; this moderate projection scenario is higher than the earlier trend period, that is, almost twice the rate of 0.7%, for the 1972-1986 period (Figure 3).

- The moderate GNP growth scenario, at a rate of 2.4%, is linked with two factors: (a) the projected increase in labor productivity, particularly in the goods-producing industries; and (b) a healthy 3.9% annual increase in exports. Figure 4 shows a comparison of GNP, Exports, and Imports for 1972, 1986, and 2000.

- Personal disposable income per capita, a measure of well being of the economy, is expected to grow at almost the same rate as in the earlier trend period, that is, 1.7% per year, 1986-2000.

- The demographic changes projected are expected to shift the structure of demand in at least two ways: (a) the smaller share of the younger age group will lead to lower levels of household and family formation, and thus less expenditures on consumer durables particularly automobiles and new housing; (b) a larger share of the middle age group 25-to-54 along with larger size of the over 55 population is expected to lead to rapidly rising health care expenditures. For the older age group the shift in expenditures is expected to be toward nursing homes and home health care.

Demographic Projections

- U.S. population growth will be slower than in the 1972-1986 period; as a result the labor force growth over 1986-2000 period, 21 million, is significantly less than the 31 million over 1972-1986 period. The lower projected growth is primarily due to fewer births in the 1960-76 period. Figure 5 shows recent year data and BLS projection alternatives of labor force size. The moderate projection is the one preferred by the BLS, and it shows a significantly smaller increase than that of the earlier trend.

- The average age of the population and labor force will increase by the year 2000, and the pool of young workers entering the labor market will shrink between 1986 and 2000. See Figure 6. The relative size of the 25-to-54 year age group will increase by

more than 25%, that is a 1.7% annual growth rate (Figures 7 and 8). This compares with the 0.2% growth rate for the 55-and-over years age group and -0.2% (negative) rate for the 16-to-24 years age group.

- More women will be entering the workforce; almost two-thirds of the new entrants into the workforce between now and 2000 will be women, and, as shown in Figures 9 and 10, they will constitute close to 45% of the workforce.

- Minorities will be a larger share of the new entrants into the labor force: non-whites will make up almost one-third of the new entrants into the workforce between now and the year 2000 (Figure 11); the rate of growth for minorities, other than Hispanics, share of labor force is 2.2% and for Hispanics it is 4.1%.

Methodological Note

- The employment and output projections by the BLS are supply-based and demand generated. Population and labor force projections constrain employment growth. Unemployment is projected at 6%. Productivity projections (GNP per worker) then determine overall output (GNP). Demand projections (consumption, investment, export, import) determine goods and services sector outputs, and employment by industry is derived.[3]

- A self-critique of BLS projections provides a note of caution to the reader about unexpected events and their impact. The 1984 BLS evaluation of 1980 projections (BLS made projections for 1980 in 1970, 1973, and 1976) point out that: (a) employment growth was underestimated; and (b) GNP growth was overestimated.[4] The factors listed for these errors were the unexpected recession of 1980, and unexpected structural changes in the economy, the shift toward services, and the higher participation rate by women.

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[3]Note that this a gross simplification, for more information refer to the following publication: U.S. Department of Labor. Bureau of Labor Statistics. 1986, April. Employment Projections for 1995: Data and Methods. Bulletin 2253. Washington, D.C.: U.S. G.P.O.

[4]Tschetter, J. 1984, August."An Evaluation of BLS' Projections of 1980 Industry Employment", Monthly Labor Review. pp. 12-22.

Comparison with Other Projections

- The moderate projection scenario by BLS is similar to two other recent projections, namely, "BEA OBERS"[5] by the Bureau of Economic Analysis, U.S. Department of Commerce, and "Workforce 2000"[6] by The Hudson Institute, a private non-profit organization.

- The BEA OBERS' projection for employment in the year 2000 is 130,110,000 and that of Hudson Institute is 131,000,000 compared to BLS' 133,030,000.

- For GNP per employee, a measure of average labor productivity, OBERS projection is $36,400, and Hudson's is $41,700, compared to $39,600 by the BLS (all in 1982 dollars).

- For GNP, the BEA OBERS projection is $5,254.6 (billions), and Hudson's is $5,463.0 (billions), compared to $5,161.4 (billions) by the BLS.

- In the BEA OBERS' projections, the average labor productivity is assumed to grow more slowly than in the BLS; in the Hudson's projections, it is assumed to grow faster than BLS'. The difference in the projections appears to be based on the assumption about labor productivity increase in service-producing industries; Hudson's analysts assume a higher rate than the BLS', and the BEA OBERS' analysts assume a lower rate than the BLS'.

- With the largest increase in employment coming from service-producing industries, labor productivity in these sectors appears to be key to growth of the economy as a whole.

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[5]U.S. Department of Commerce. Bureau of Economic Analysis. 1985. 1985 OBERS BEA Regional Projections: Volume 1 - State Projections to 2035. Washington, D.C.: U.S. G.P.O.

[6]Hudson Institute. 1987, June. Workforce 2000: Work and Workers for the 21st Century. Indianapolis: Hudson Institute.

Table 1. Projections for the U.S. Economy in the Year 2000

	1986	BLS 2000 Projections				OBERS	Hudson Institute
		Moderate	Annual Change (percent)	Low	High		
Labor Force (thousands)	117,837	138,775	1.2	134,517	141,107	137,974	
Men	65,423	73,136	0.8	71,729	74,464		
Women	52,414	65,639	1.6	62,788	66,643		
White	101,801	116,701	1.0	112,918	118,474		
Minority (other than hispanic)	16,236	22,074	2.2	21,599	22,633		
Hispanic (may be of any race)	8,076	14,086	4.1	12,675	14,122		
16-to-24	23,368	22,631	-0.2	22,159	23,176		
25-to-54	79,565	100,780	1.7	97,050	102,496		
55 & over	14,904	15,364	0.2	15,308	15,435		
Employment (thousands)	111,623	133,030	1.3	126,432	137,523	130,110	131,000
Goods-Producing	24,681	24,678	0.0	23,148	25,906		
Service-Producing	74,363	94,478	1.7	90,406	97,107		
Transportation, Communications	5,244	5,719	0.6	5,410	5,903		
Wholesale Trade	5,735	7,266	1.7	7,015	7,361		
Retail Trade	17,845	22,702	1.7	21,795	23,079		
Finance	6,297	7,917	1.6	7,508	8,159		
Services	22,531	32,545	2.7	30,778	33,708		
Government	16,711	18,329	0.7	17,900	18,897		
GNP (billions 1982 dollars)	$3,678.5	$5,161.4	2.4	$4,167.5	$5,552.4	$5,254.6	$5,463.0
Exports	$371.3	$634.5	3.9	$516.8	$712.0		
Imports	$521.0	$733.0	2.5	$555.9	$862.0		
GNP/Employee (thousands 1982 dollars)	$33.6	$39.6	1.2	$37.2	$41.2	$36.4	$41.7
Disposable Personal Income per capita /1	$10,780	$13,421	1.6	$12,886	$14,050		$13,500

Source: Adapted from the following,
U.S. Bureau of Labor Statistics. News. June 25, 1987. Washington, D.C.
U.S. Department of Commerce. Bureau of Economic Analysis. Regional Economics Division. 1985. 1985 OBERS Projections.
Hudson Institute. June 1987. Workforce 2000: Work and Workers for the 21st Century.

1/ 1982 dollars.

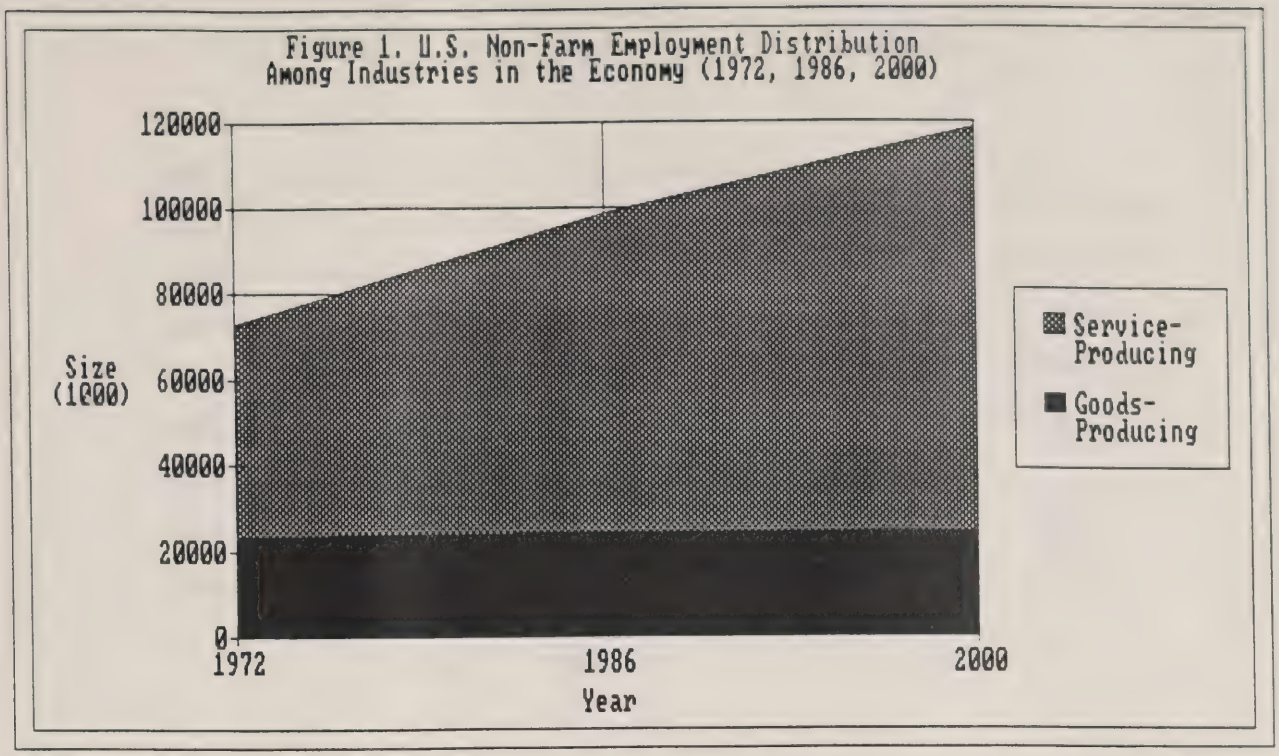
Figure 1. U.S. Non-Farm Employment Distribution
Among Industries in the Economy (1972, 1986, 2000)
120000
100000
80000
60000
40000
20000
0
Size
(1000)
1972
1986
2000
Year
Service-
Producing
Goods-
Producing

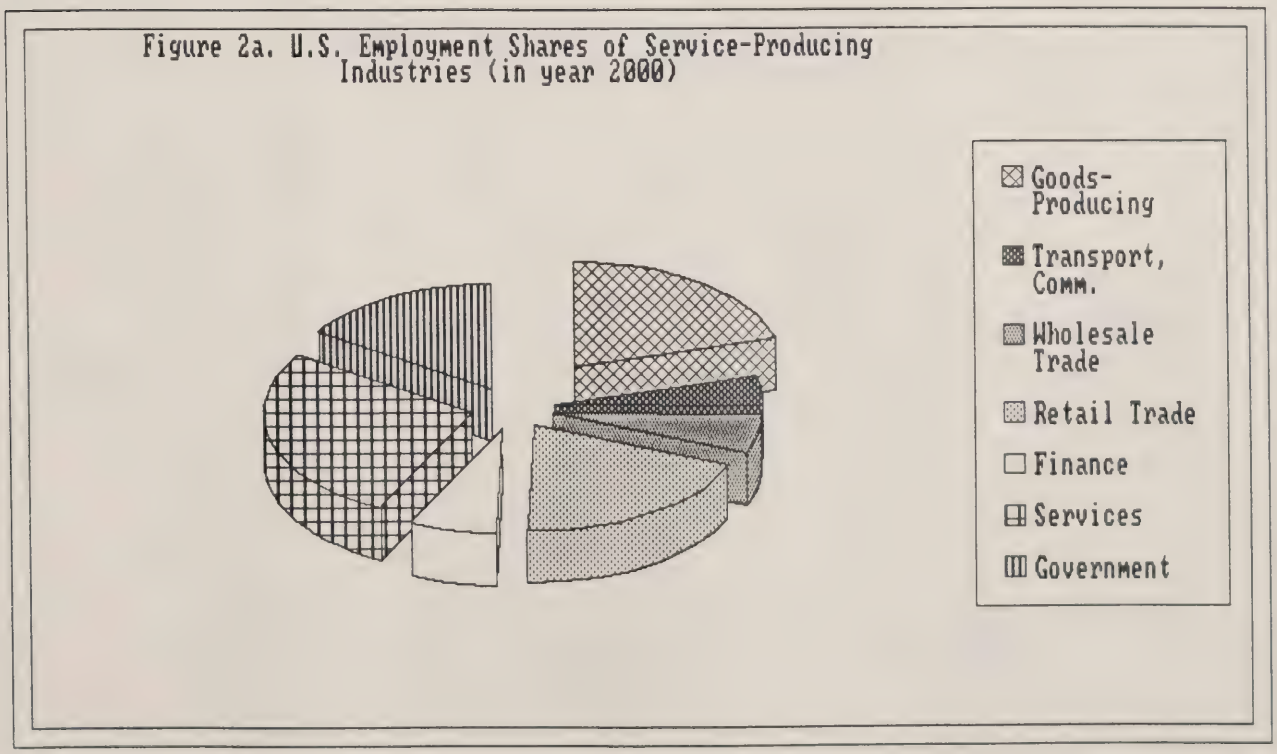
Figure 2a. U.S. Employment Shares of Service-Producing
Industries (in year 2000)
Goods-
Producing
Transport,
Comm.
Wholesale
Trade
Retail Trade
Finance
Services
Government

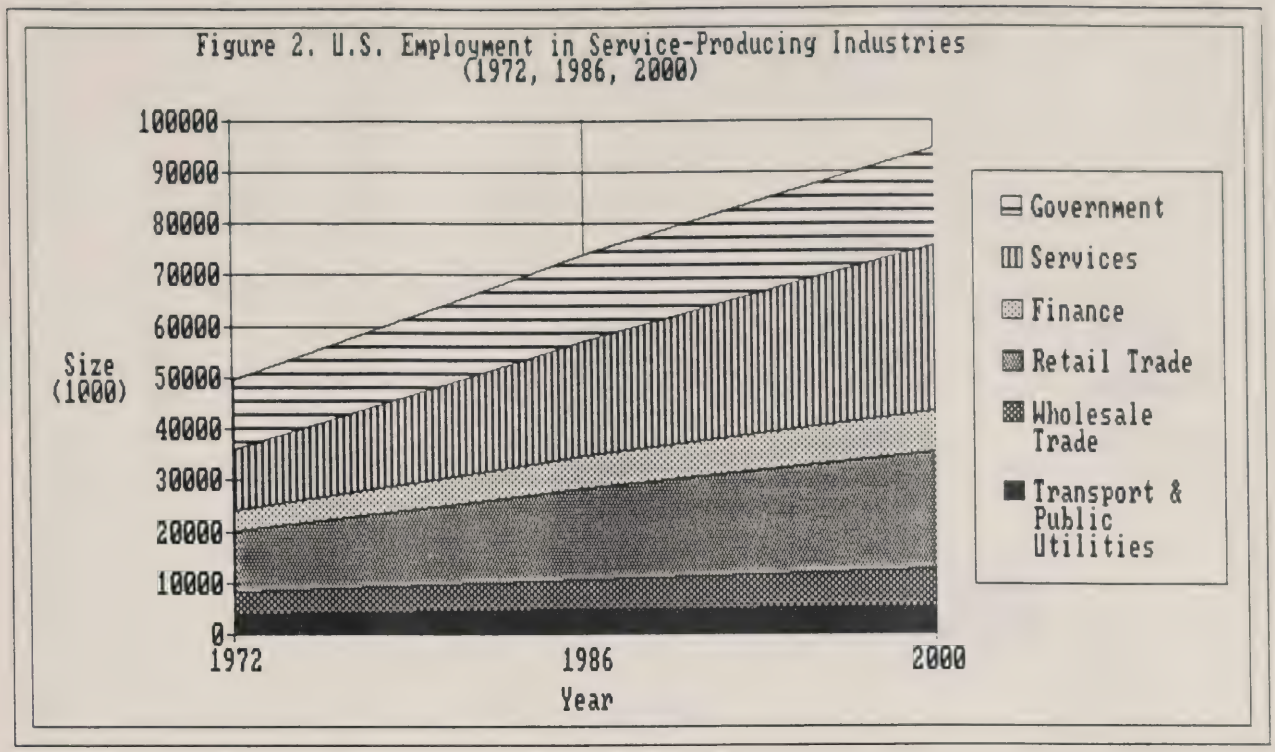
Figure 2. U.S. Employment in Service-Producing Industries
(1972, 1986, 2000)
100000
90000
80000
70000
60000
50000
40000
30000
20000
10000
0
Size
(1000)
1972
1986
2000
Year
Government
Services
Finance
Retail Trade
Wholesale Trade
Transport & Public Utilities

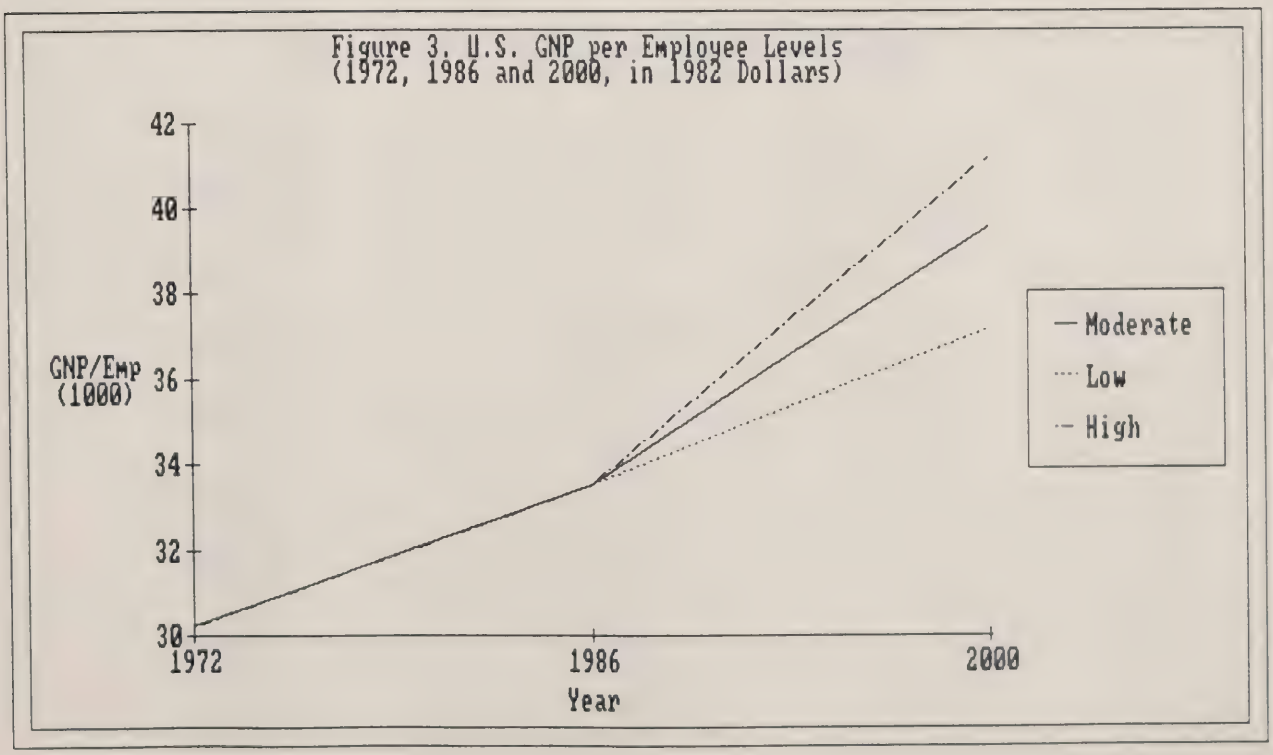
Figure 3. U.S. GNP per Employee Levels
(1972, 1986 and 2000, in 1982 Dollars)
42
40
38
36
34
32
30
GNP/Emp
(1000)
1972
1986
2000
Year
Moderate
Low
High

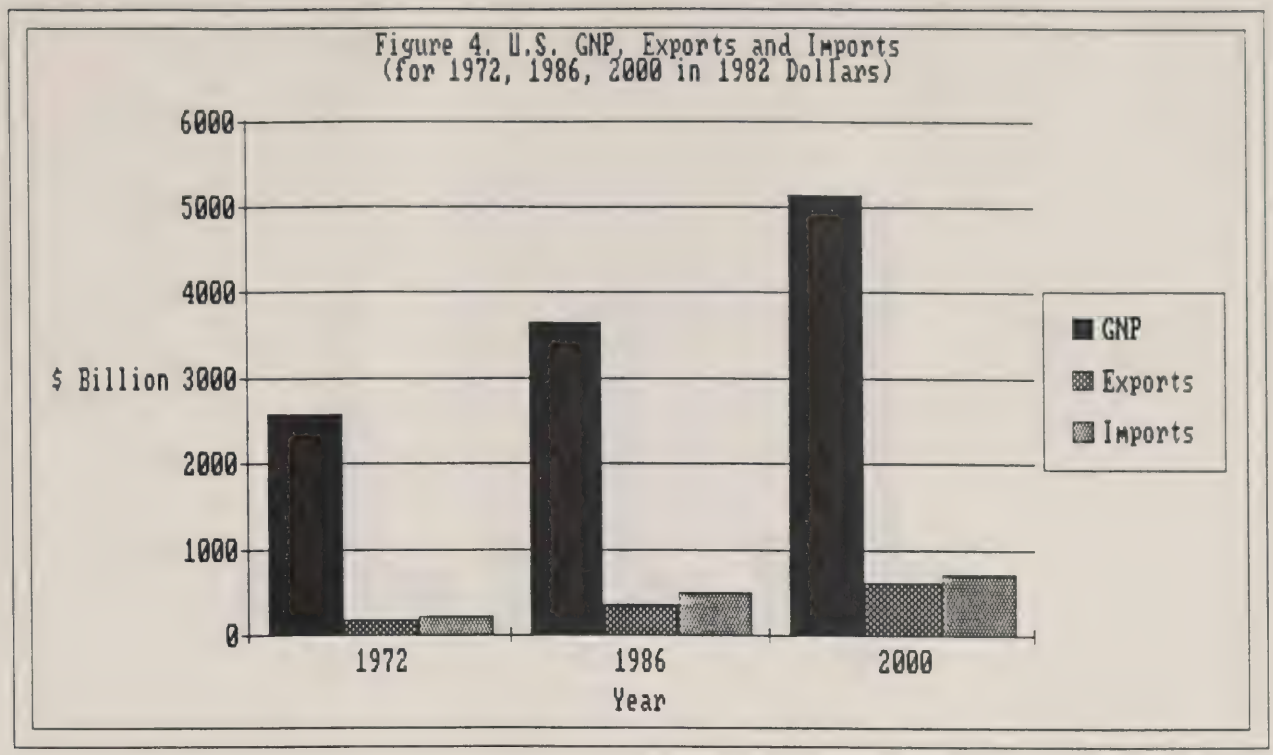
Figure 4. U.S. GNP, Exports and Imports
(for 1972, 1986, 2000 in 1982 Dollars)
6000
5000
4000
$ Billion 3000
2000
1000
0
1972
1986
2000
Year
GNP
Exports
Imports

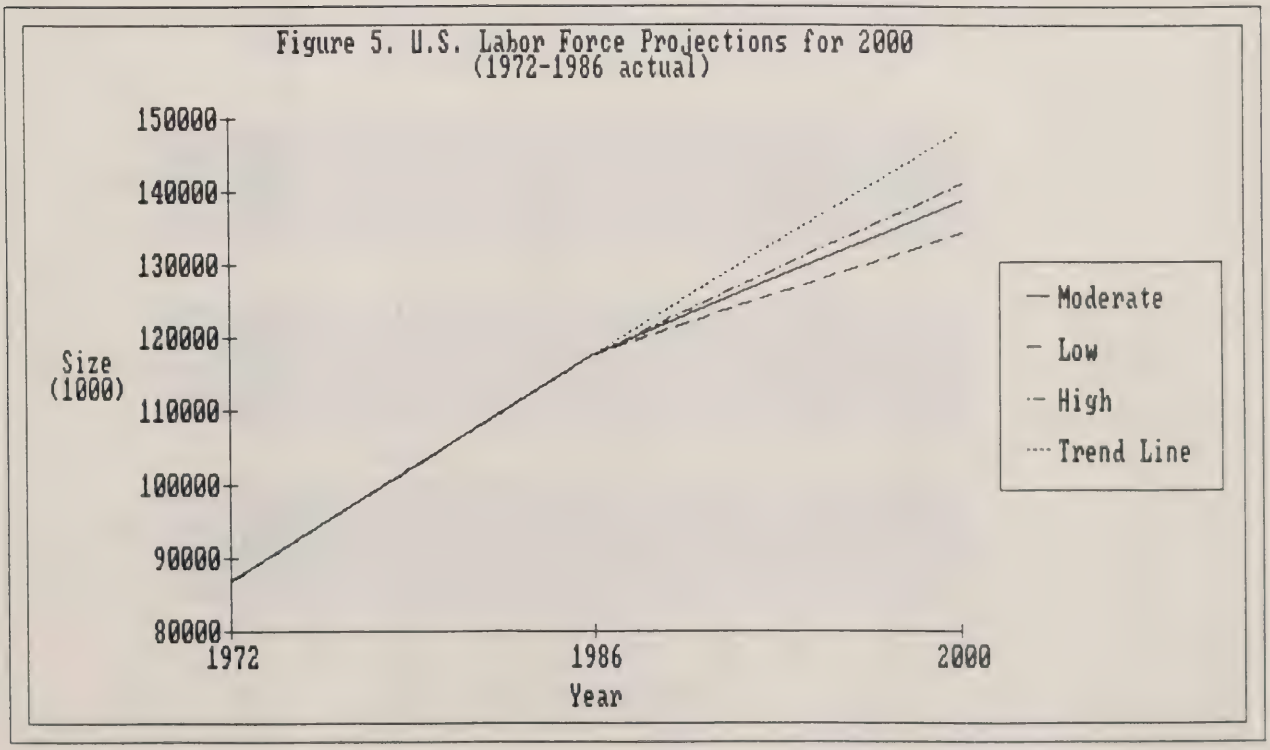
Figure 5. U.S. Labor Force Projections for 2000
(1972-1986 actual)
150000
140000
130000
120000
Size
(1000)
110000
100000
90000
80000
1972
1986
2000
Year
Moderate
Low
High
Trend Line

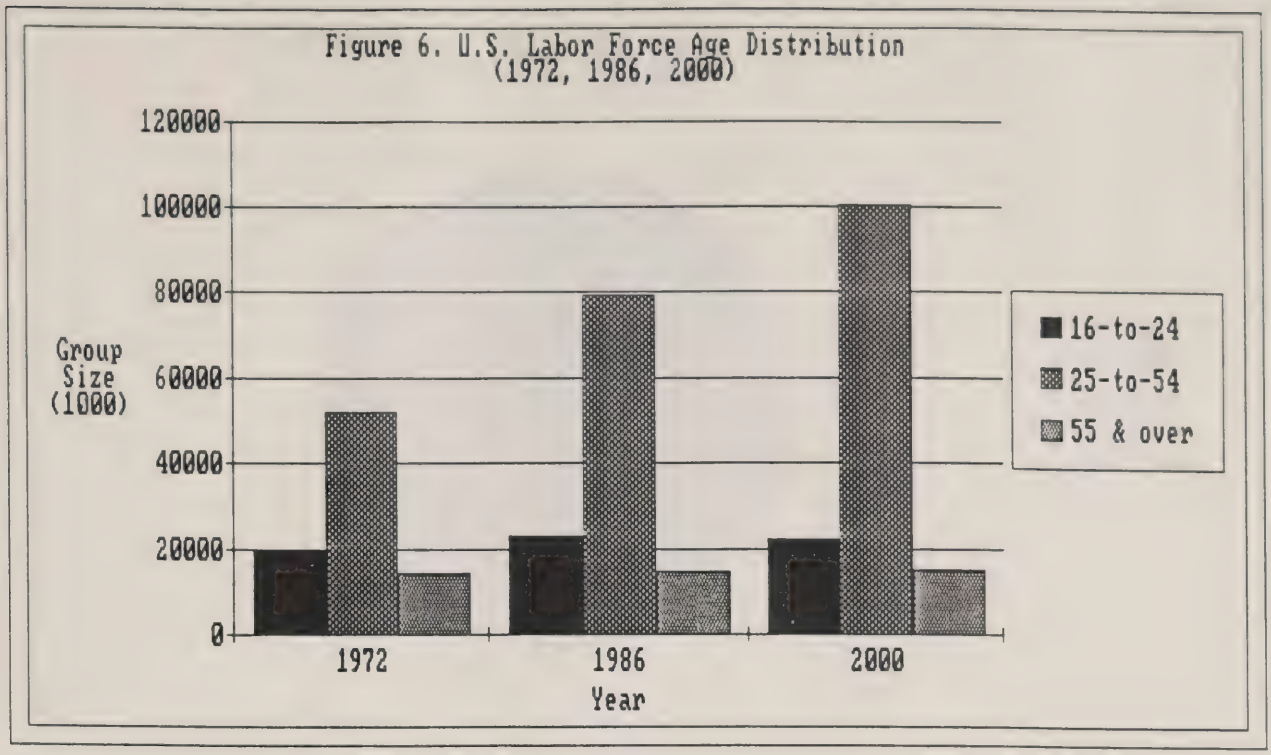
Figure 6. U.S. Labor Force Age Distribution
(1972, 1986, 2000)
120000
100000
80000
60000
40000
20000
0
Group
Size
(1000)
1972
1986
2000
Year
16-to-24
25-to-54
55 & over

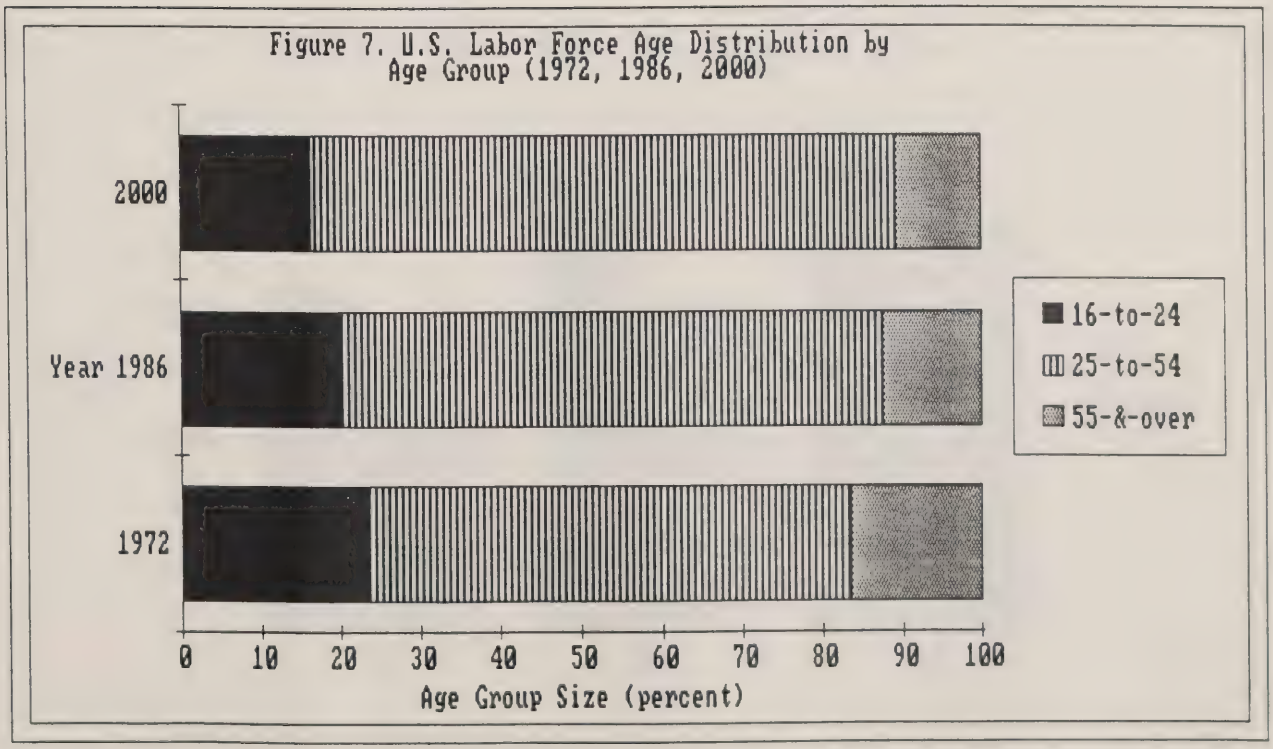
Figure 7. U.S. Labor Force Age Distribution by
Age Group (1972, 1986, 2000)
2000
Year 1986
1972
0
10
20
30
40
50
60
70
80
90
100
Age Group Size (percent)
16-to-24
25-to-54
55-&-over

Figure 8. Composition of U.S. Labor Force by Age Group in Year 2000

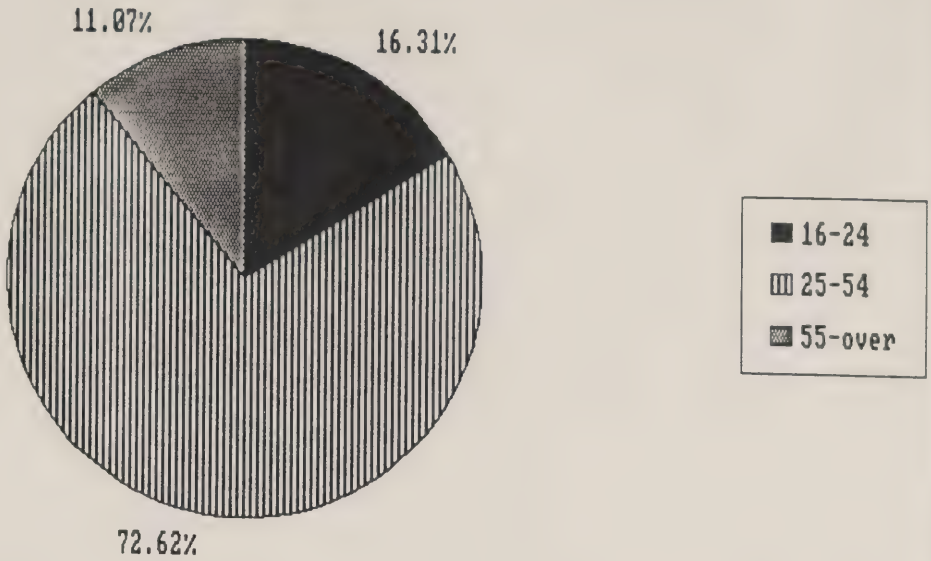
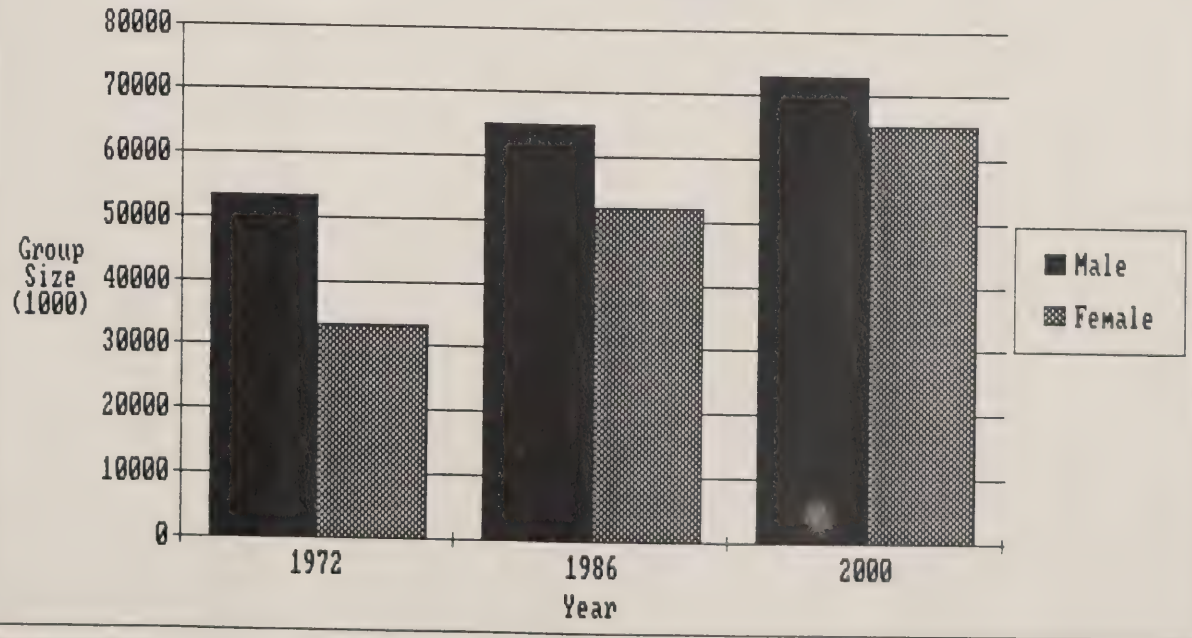
Figure 9. U.S. Labor Force Composition by Sex (1972, 1986, 2000)